



Boston City Council

Committee on Economic Development & Planning

Bill Linehan, Chair

March 31, 2009

Dear Councillors:

The Boston City Council's **Committee on Economic Development & Planning** held a hearing on Monday, March 30, 2009 at 11:00 AM in the Christopher A. Iannella Chambers, on the fifth floor of the Boston City Hall.

Docket # 0430 Message and order approving the insurance of tax exempt bonds in the principal amount not to exceed \$23,000,000.00 from the Industrial Development Financing Authority (BIDFA), for the project at 27-31 Hemenway Street.

As the Chair of the Committee on Economic Development & Planning, to which the following was referred:

Having considered the same, I respectfully recommend that the matter *ought to pass*.

Bill Linehan, *Chair*
Committee on Economic Development & Planning

CITY OF BOSTON

IN CITY COUNCIL

ORDER APPROVING INDUSTRIAL DEVELOPMENT PROJECT OF THE BOSTON CONSERVATORY

BE IT ORDERED THAT:

Section 1. Declarations. The City of Boston (the "City") declares as follows:

1.1. The City acting by and through its Industrial Development Financing Authority (the "Authority") is empowered to assist in the financing of industrial development facilities through the issuance of revenue bonds pursuant to Massachusetts General Laws Chapter 40D, as amended (the "Act").

1.2. The Boston Conservatory (the "Borrower", which term includes in this order any parent, subsidiary or other affiliate of The Boston Conservatory) has proposed the financing by the City of certain industrial development facilities (the "Project") consisting generally of the acquisition, construction, renovation and equipping of an approximately 40,000 square foot building to be owned and operated by The Boston Conservatory or an affiliated entity for instructional, rehearsal and performance space for the dance, theater and music programs that are the core mission of The Boston Conservatory, to be located at 27-31 Hemenway Street, Boston, Massachusetts.

1.3. The Borrower has represented that the estimated cost of the Project is approximately \$30,000,000 and has requested the City to issue not more than \$23,000,000.00 of revenue bonds under the Act to finance the Project.

1.4. The Borrower has indicated its willingness to finance any costs of the Project in excess of \$30,000,000.00

1.5. The Authority has approved the Project and the estimated cost thereof and has recommended that the City finance the Project by bonds issued pursuant to the Act.

1.6. The financing of the Project under the provisions of the Act appears feasible.

1.7. A public hearing relating to the proposed issuance of revenue bonds was held on March 5, 2009, pursuant to a notice published in The Boston Globe on February 19, 2009.

Section 2. Approval. In accordance with Section 12(1) of the Act the City approves the Project, the estimated cost thereof and the financing thereof by revenue bonds to be issued by the City pursuant to the Act. Such bonds shall not constitute a general obligation of the City or the Authority nor a pledge of the faith and credit of the City or the Authority but shall be payable solely from the revenues pledged for their payment in accordance with the Act.

Section 3. Effective Date. This resolution shall take effect upon its adoption.

Dated: _____, 2009

I HEREBY CERTIFY THAT
THE FOREGOING, IF PASSED IN
THE ABOVE FORM, WILL BE IN
ACCORDANCE WITH LAW.


WILLIAM F. SMOOT
CORPORATION COUNSEL SPN



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

MAYOR'S APPROVAL OF ISSUE

CITY OF BOSTON, MASSACHUSETTS REVENUE BONDS THE BOSTON CONSERVATORY

Pursuant to the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, following a public hearing conducted by the Boston Industrial Development Financing Authority (the "Authority"), I, Thomas M. Menino, Mayor of the City of Boston, Massachusetts (the "City"), hereby approve the issuance by the City, acting by and through the Authority, of the issue of bonds described in the notice of such public hearing attached hereto and incorporated herein.

Thomas M. Menino
Mayor of Boston

Dated: _____, 2009

**BOSTON INDUSTRIAL DEVELOPMENT FINANCING AUTHORITY
PROJECT REVIEW/CREDIT ANALYSIS MEMORANDUM**

DATE:	FEBRUARY 19, 2009
PROGRAM(S):	501 (c) (3) TAX EXEMPT REVENUE BOND(S)
BOARD VOTE:	PRELIMINARY APPROVAL (OFFICIAL ACTION)
CLASSIFICATION:	NON-PROFIT INSTITUTION – EDUCATION
STAFF PERSON:	FRANCESCO C. TOCCI
STAFF RECOMMENDATION:	APPROVAL

**THE BOSTON CONSERVATORY
AND/OR NOMINEE**

1. NATURE OF REQUEST:

To assist the applicant in the renovation of its 24,070 square foot, 300-seat theater and the construction of a 15,764 square feet facility on an adjacent parcel for instructional and rehearsal space for the dance, theater, and music programs.

2. BORROWER(S):

The Boston Conservatory

3. PRESENT ADDRESS:

8 The Fenway
Boston, MA 02215

4. PROJECT LOCATION:

27 & 31 Hemenway Street (adjacent parcel).

5. PROJECT:

The project is located at 27 and 31 Hemenway Streets in the Fenway neighborhood. 27 Hemenway Street which is approximately 3,200 SF has been a parking lot for years and the conservatory purchased the site in May 2008 for the construction of a new building. It is the first major facilities initiative for the Conservatory in over 50 years.

The Boston Conservatory is using this redevelopment as a central component of its strategy to remain one of America's pre-eminent colleges for dance, music and theater. The renovated theater and the major addition will address long-standing deficiencies in present facilities, and enhance both its program for students and its service to the community and local audiences.

The overall campus consists of 6 buildings on Fenway and Hemenway streets. The buildings on the Fenway are used for administrative space, classrooms and dormitories.

The project encompasses the existing theater building (31 Hemenway) as well as construction on the adjacent parking lot (27 Hemenway). Once completed there will be 39,834 SF of new state of the art performing space. The new performing arts center will create three new studios for dance and theater on the 27 Hemenway parcel. A new orchestra rehearsal hall will be on the top floor of 27 Hemenway and partially over the existing theater. The theater at 31 Hemenway will undergo a complete renovation which includes new seating, tech systems, motorized stage rigging and lighting, increased wing space, new control booth, audience amenities and a new orchestra pit.

The project will add air-conditioning and ventilation, new code compliant life safety systems and updated electrical services. The design goal is to meet LEED criteria wherever possible to optimize the energy efficiency in the facility. Natural lighting in the studios, access to natural ventilation in the classrooms and computer controlled building systems will also be incorporated.

A new street level lobby will connect the existing lobby space to the second floor auditorium level which will open into the Theater Rehearsal Studio to support large intermission receptions, or other public events. The lobby will contain new enlarged bathrooms, box office and coat storage. The lobby will also double as a student lounge.

**6. PROJECT COST:
SOURCES AND USES OF FUNDS**

SOURCES:

Tax Exempt 501 (c)(3) Bond(s)	22,000,000
NMTC's	5,000,000
Equity	3,389,638
TOTAL SOURCES	30,389,638

USES:

Land Acquisition and related fees to acquisition	3,817,880
Construction/rehab	19,374,253
Speciality construction/FF & E	665,000
Development Costs, Engineering, Design	3,298,447
Legal, Underwriting, Admin, Interest, Contingencies	3,234,058
TOTAL USES	30,389,638

7. BOND AMOUNT:

501 (C) (3) TAX EXEMPT REVENUE BOND(S)	22,000,000.
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8. EMPLOYMENT:

Current Employment Demographics

	F/T	%	P/T	%
Boston Residents	15	31%	40	33%
Minority Employees	3	6%	14	11%
Minority Boston Residents	3	6%	11	9%
Female Employees	19	40%	40	33%
Female Boston Residents	8	17%	18	15%
TOTAL EMPLOYEES	48		123	

9. INSTITUTION:

The Boston Conservatory was founded in 1867 and is the oldest conservatory in America. It offers professional training in music, theater and dance. The conservatory was founded by Julius Eichberg, a gifted German violinist and composer who moved to the United States in 1857.

The conservatory was founded to serve as both a professional training academy and a community music school. From the start, the conservatory broke new ground by enrolling women and African American students.

After merging with the National Associated Studios of Music in the early 20th century, the conservatory expanded its curriculum to include dance and theater training as well as created the first “grand opera” department in the US. It was also the first to offer undergraduate degrees in theater, dance and music education.

Today the Boston Conservatory is an independent private college with fully accredited programs in music, dance and theater ultimately leading to Bachelor and Masters degrees.

The faculty, members of which hold positions with the Boston Symphony, the Boston Pops, the Boston Lyric Opera, the Boston Ballet and other prominent local and national companies, provide rigorous practical training through class time, applied lessons, practice, ensemble rehearsals and performances, all of which are designed to foster professional skills. Liberal Arts courses are also required.

The music program ranks in the top 5% of its peers, which includes such schools as Oberlin and the NE Conservatory while the theater and dance programs compete with the likes of Juilliard and the Cincinnati Conservatory.

The 650 undergraduate and graduate student body includes approximately 100 students from abroad as well as students of every ethnicity from across the United States.

The faculty, students and guest artists of the Conservatory present over 200 performances each year

10. PUBLIC PURPOSE BENEFIT:

The re-development, construction and expansion of the conservatory will ensure that the Boston Conservatory will continue to be the pre-eminent college in its field while providing exceptional educational opportunities for students and service to the community.

11. PRINCIPALS:

NONE

**12. PROJECT CONTACT &
TELEPHONE NUMBER:**

Richard Ortner, President
B: 617-912-9134
Fax: 617-266-7935
E-Mail Address: rortner@bostonconservatory.edu

13. PRICING/ TERMS: PROPOSED

Tax-Exempt Bond(s):	Coupon Rate:	TBD	Term:	TBD
	Coupon Rate:		Term:	

14. REPAYMENT SOURCE:

Cash Flow

15. VALUATION:

TBD

16. ASSESSED VALUE/TAXES:

Parcel ID:	Assessed Value:	Non-profit	Tax:	NONE
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17. DEVELOPMENT REVIEW STATUS:
PROJECT MANAGER: JOHN FITZGERALD

Article 80E Approval received 2/26/08.
Permits issued.

18. EQUITY:

8 The Fenway only - \$15.5M

19. CO-MAKERS/GUARANTORS:

NONE

20. BOND PURCHASER:

Boston Private Bank & Trust
10 Post Office Square
Boston, MA 20109
Barbara Cummings
B: 617.912.4508
Fax: 617.912.4588
Email: bcummings@bostonprivatebank.com

21. TRUSTEE:

NONE

**22. UNDERWRITER/PLACEMENT
AGENT/BANK:**

See Bond Purchaser

**23. BANK LETTER OF CREDIT/
MTG GUARANTOR:**

NONE

24. BOND COUNSEL:

Robert Hale, Esquire
Edwards Angell Palmer & Dodge
111 Huntington Avenue
Boston, MA. 02199
B:617-239-0407
Fax: 617-227-4420
E-Mail Address: rhale@capdlaw.com

**25. UNDERWRITER/PLACEMENT
AGENT'S/BANK'S COUNSEL:**

TBD

26. PURCHASER'S COUNSEL:

TBD

27. TRUSTEE'S COUNSEL:

TBD

28. BORROWER'S COUNSEL:

TBD

SECTIONS 29 & 30 FOR EMPOWERMENT ZONE BONDS ONLY

**29. PROJECT BENEFITS
ANALYSIS:**

Construction Jobs: N/A

Permanent Jobs: N/A

Economic Impact: N/A

Anchor Projects: N/A

Blight/Underutilization: N/A

Employee Benefits: N/A

Job Training: N/A

Preference to Zone Business Vendor Services: N/A

Generation of Tax Revenue: N/A

30. FINANCING BENCHMARKS:

<u>Program:</u>	N/A	<u>Project:</u>	N/A
Loan to value:		Loan to Value:	
Minimum Owner's Equity:		Owner's Equity	
Minimum CDSR:		Debt Service Ratio:	

31. FINANCIAL SUMMARY:

CASH FLOW PROJECTIONS

	Projected 2010	Projected 2011	Projected 2012
Total Revenues (000's)	20,753	17,752	18,223
Total Operating Expenses	19,315	14,767	15,203
Operating Income (excludes Depreciation)	1,438	2,985	3,020
Depreciation, Interest, Non-recurring	1,091	(81)	(81)
EBITDA	<u>2,529</u>	<u>2,904</u>	<u>2,939</u>
Total Cash for CD/S:	<u>2,529</u>	<u>2,904</u>	<u>2,939</u>
Debt Service	1,483	1,483	1,483
Combined DSCR:	1.71	1.96	1.98

Footnotes:

- * Assumes interest at 4.0% 5 Year Rate Swap
 - * Assumes no change in the interest rate.
 - * Assumes 20 year payout.
 - * Debt Service is average payment over 20 years.
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**32. TAX EXEMPT NEEDS
EVALUATION:**

As a 501 (c) (3) non-profit organization, The Boston Conservatory is eligible for 501 (c) (3) Tax Exempt Revenue Bond(s). Because of the utilization of tax exempt financing, the project will experience stronger Debt Service Ratios thereby ensuring the success of the college and continued employment & educational opportunities for the Boston's residents and students.

**33. TAX EXEMPT FINANCING
BENEFITS*:**

<u>Financing Expense – Tax Exempt</u> <u>Debt for Five (5) year period</u>	<u>Financing Expense – Conventional</u> <u>Debt for Five (5) year period</u>	<u>Savings</u>
3,520,000.	6,081,330.	2,561,330.

Assumes market sale with a 5 year Rate Swap at 4.0% on the 501 (c) (3) bond.

Assumes conventional debt based on FHLB CDA rate of 3.45 + 250 pb's for 5 years.

Assumes 20 year payouts on both financing methods.

34. RECOMMENDATION:

I recommend that the Board grant Preliminary Approval to The Boston Conservatory or nominee for the issuance of up to an amount not to exceed \$25,000,000 in tax exempt revenue bonds, for the re-development and construction of the college's new state of the art educational facility located at 27 and 31 Hemenway St., Boston, Ma.



CITY OF BOSTON • MASSACHUSETTS

OFFICE OF THE MAYOR
THOMAS M. MENINO

March 11, 2009

TO THE CITY COUNCIL

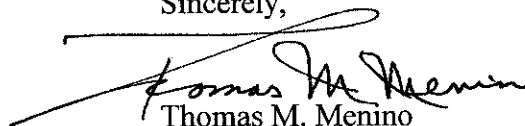
Dear Councilors:

I transmit herewith for your approval an order to approve the issuance of a tax-exempt bond(s) in a principal amount not to exceed \$23,000,000.00. The Boston Industrial Development Financing Authority (BIDFA)'s Board of Directors, acting pursuant to the provisions of Chapter 40D of the Massachusetts General Laws, adopted a favorable resolution with respect to the financing or refinancing of costs of, or the reimbursement of funds advanced by The Boston Conservatory ("the Borrower"), to pay costs of the development of certain land and building(s) owned or to be owned, or leased or to be leased, by the Borrower (including financing certain bond reserves and issuance costs) that are located at 27-31 Hemenway Street, Boston, Massachusetts, 02215.

It is proposed that the City approve the project to be located at 27-31 Hemenway Street, Boston, Massachusetts, consisting generally of the acquisition, construction, renovation and equipping of a building not to exceed 40,000 square feet to be owned and operated by The Boston Conservatory or an affiliated entity for instructional, rehearsal and performance uses relating to its dance, theater and music programs (the "Project").

I urge your Honorable Body to pass this order as expeditiously as possible so that this important project may proceed as described.

Sincerely,


Thomas M. Menino
Mayor of Boston